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FIRST COUNTRY COOPERATION FRAMEWORK FOR INDIA, 1997-2001

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INTRODUCTION

1. The first country cooperation framework for India 1997-2001 (CCF-1), focuses on growth with equity, with poverty alleviation and human development as central concerns. The May 1993 mid-term review of the fourth country programme (1990-1997) and programme and policy review meetings between the Ministry of Finance and UNDP in 1994 to 1996 led to a shift of the programme in line with the new focus in national development policies on improved economic performance and human development, and the UNDP sustainable human development (SHD) mandate. CCF-1 is based upon recent important policies (such as universalization of basic social services announced at the Chief Ministers' Conference in July 1996), the 22 July 1996 budget statement, the emerging priorities of the Ninth Five-Year Plan (April 1997-March 2002), Eighth Five-Year Plan (April 1992-March 1997) initiatives, and commitments by India at global conferences. As the national planning framework provides the reference point for all external assistance, a separate country strategy note (CSN) is not envisaged. The CCF has benefited from the advisory note, based on consultations with a range of partners, including government ministries, United Nations system, bilateral and multilateral organizations, non-governmental organizations (NGOs) and beneficiaries.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

A. Development goals, strategies and priorities

2. India has made considerable progress towards its goal of growth with equity and self-reliance. The Eighth Plan marked a shift in the national development strategy towards improvement of economic performance and the many facets of human development. Economic reforms and liberalization measures over the last five years have led to a revival of strong economic growth (5.9 per cent per year from 1992 to 1995), increased exports, reduced inflation, and a positive impact on living standards and social indicators. Planning Commission estimates show that the population below the poverty line declined from 25.5 per cent in 1987-1988 to below 18.9 per cent in 1993-1994. Employment growth averaged 6.3 million jobs per year in 1992-1995, with 7.2 million new jobs in 1994-1995 compared to 4.8 million annually in the 1980s. The following central budget (1996-1997) objectives exemplify the continuity of socio-economic policies: (a) to remain steadfast on the course of economic reforms and liberalization aimed at accelerating economic growth; (b) to address the concerns of the poor and provide them with basic minimum services; (c) to ensure broad-based growth in agriculture, industry and services to achieve high employment; (d) to ensure fiscal prudence and macroeconomic stability; (e) to enhance investment, especially in infrastructure; (f) to strengthen key interventions to promote human development and (g) to ensure viability in the balance of payments through strong export performance and larger foreign investment flows.

B. Poverty alleviation and employment-generation

3. While at a national level poverty is declining, there are wide variations in the incidence of indicators of human development and poverty between urban and rural areas (11.55 per cent and 21.68 per cent respectively in 1993-1994), among States, and across different regions/districts within a State. Rapid, broad-based and labour-intensive growth, and regionally balanced industrialization are imperative for reducing poverty and giving dignity and voice to the poor. The growth of agriculture, which employs two thirds of India's labour, is crucial for reducing rural poverty, raising living standards, ensuring food security and strengthening the domestic market for the industrial and service sectors. The Government is committed to strengthening the rural social and economic infrastructure, including revamping the rural credit delivery system, and reversing policy biases against agriculture. Strong government financial and administrative support for social and anti-poverty programmes is dependent on maintaining rapid and sustained economic growth, which alone can yield the necessary fiscal resources.

4. The Government recognizes the serious gaps in social services; a national consensus exists for universalization of seven basic social services by the year 2000: safe drinking water; primary health services; primary education; public housing to the shelterless; mid-day meals in rural areas; connectivity to villages; and a public distribution scheme for the poor. State Governments are largely responsible for these programmes and related services, hence the need to extend the economic and administrative reform process to States and lower tiers of governance. These policies are complemented by special national programmes such as the employment programmes, the National Social Assistance Programme, the Mid-day Meal Programme, and the Public Distribution System. Similarly, while several programmes address the serious problem of urban poverty, a more holistic and sustainable approach is needed. People's participation and empowerment are essential for development. In 1992, the Indian Parliament conferred constitutional status to institutions of self-governance (the Panchayat at the village level and the Municipality in urban areas) and made them responsible for local-level development. One third of seats to these elected bodies are reserved for women; seats are also reserved for the Scheduled Castes and Tribes. A massive capacity-building effort is needed to help this tier of self-governance in fulfilling its mandate.

C. Advancement of women

5. Women are at a disadvantage with regard to most social, economic and political opportunities. Statistics, including various human development indicators in India on infant mortality, literacy, nutrition and health, reveal these inequities (e.g., the 1991 census shows that 39.4 per cent of women are literate compared to 63.8 per cent of men). The strategy to enable women to play an effective and equitable role in society includes their empowerment through awareness-generation, confidence-building, employment, economic independence, education, training, health, nutrition, welfare services, legal safeguards and a political voice. The reservation of one third of panchayat seats for women is a landmark towards their empowerment, enabling 800,000 women

to participate actively in local-level activities. A national debate about reserving 33 per cent of Parliamentary seats for women is ongoing.

D. Environment and energy

6. Environmental degradation is a threat to economic and social progress; conditions of poverty and underdevelopment force people to degrade further their environment in the quest for livelihoods. Indeed, the process of development itself, for example, urban growth and industrialization, can degrade the environment if not properly managed. Suitable policies can help to reverse environmental degradation: the Government's afforestation programmes have helped increase forest cover; implementation of the Ganga Action Plan has improved water quality and decreased water-borne diseases. India has much of the necessary legal and institutional framework to support strong environmental policies. The 1986 Environment Protection Act led to the framing of rules, notification of standards and delegation of power to the States. However, capacity-strengthening of government and non-government institutions is required to implement and monitor environmental policies and strategies. Increased environmental awareness and people's participation are other important areas being addressed. Effective compliance with India's commitments under major international conventions will require technologies on concessional terms and additional sources of finance.

7. Energy scarcity is a major bottleneck for development. Policy challenges include improvement of the performance of energy systems, mobilization of capital for creating new capacity, minimizing negative environmental impact and providing the poor access to affordable energy sources. The government programmes addressing the growing demand for energy include for biogas, improved chulhas (cooking stoves), rural energy, afforestation, and joint forest management.

E. Democratic decentralization

8. In India, the basic framework of governance, which is representative democracy, was reinforced by the grant of constitutional status in 1992 to institutions of self-governance (panchayats and municipalities). The Panchayati Raj system (based upon traditional village governance), an independent judiciary and a free press are fostering participatory governance. To bring economic and social development to the weaker sections of society and the poor, programmes for Scheduled Castes and Tribes, other backward classes, minorities, special groups of women and children, the handicapped and the elderly are being implemented, and suitable institutional mechanisms to support these policy goals have been set up by the Government. NGOs are actively involved in building awareness needed for the success of these programmes.

F. Technology and human needs

9. The building-up of an indigenous base in science and technology and research and development continues to be an important element of the

Government's policy for growth with self-reliance. The Economic Survey 1992-1993 noted that "It would be an error to think that only industrial countries can improve themselves, or that developing countries must only import improvements. The capacity to improve oneself encompasses the capacity to import, imitate, assimilate and adapt quickly, efficiently and sensibly." India's strategy has helped to create the institutional base and human resources for infrastructure development, and industrial growth and diversification. The green revolution and technology missions (drinking water, oilseeds and pulses, child immunization, disease control) are examples of applications of science and technology for social and development needs. Commercialization and application of technologies to socio-economic sectors, however, need further strengthening. Post-green revolution technologies which are environment friendly, low-cost, sustainable, gender-sensitive and combined with people's participation can transform the face of India's rural areas.

II. RESULTS AND LESSONS OF PAST COOPERATION

A. Results of past cooperation and fourth country programme (1990-1997)

10. Two and a half decades of capacity-building support by UNDP to India have helped to strengthen national institutions, transfer of technology, human resources development and the dissemination of advanced know-how in diverse areas benefiting the public and private sectors. This enhanced capacity and network of institutions would be harnessed to support CCF-1 goals.

11. The fourth country programme, initially from April 1990 to March 1995 was, on the recommendation of the mid-term review, extended by two years to March 1997 to make CCF-1 co-terminus with the Government's Ninth Plan. It was largely a programme in transition, allowing for a smooth and gradual shift in orientation in line with emerging national priorities and the UNDP mandate. The review helped to consolidate UNDP support into four areas of concentration: (a) enhancement of industry and agricultural productivity and competitiveness for exports; (b) promotion of energy efficiency, mining and environmental management; (c) development of transport and telecommunications; and (d) development of social infrastructure. Important new areas include a human development initiative, support for social and economic reform and capacity development in the environment sector through support for preparation of the Environment Action Plan and the National Forestry Action Plan. A more balanced approach to national capacity-building and sustainability was followed in the fourth country programme, including a shift to the programme approach, reduction in equipment and long-term international experts, increased of national execution and national experts, and greater involvement of NGOs in implementation. Programmes and projects were reoriented using a SHD sensitivity test developed by UNDP. The restructuring of the country programme and new SHD-oriented initiatives contributed to a decline in programme delivery, now being improved through strengthening of the programme resource management system.

B. Lessons learned

12. The main lessons learned from the fourth country programme that have benefited the design and operationalization of CCF-1 programmes include the need for: technical cooperation in the social sectors; targeted technology transfer for meeting social needs; situating projects in the context of national priorities and programmes; national ownership and management for maximizing programme impact and national capacity; strong counterpart commitment through adequate staffing, resources and institutional support. Other lessons include the necessity for: in-depth assessment of sustainability issues at the project/programme design stage; flexible approaches to suit local conditions; use of national expertise as appropriate; internalizing the gender dimension; and involving stakeholders, end-users, beneficiaries and civil society for maximum impact and sustainability.

III. PROPOSED STRATEGY AND THEMATIC AREAS

A. Strategy

13. The reform process undertaken over the last five years has led to a revival of strong economic growth. The focus of national policies is to consolidate economic gains and achieve a 7 per cent growth rate in gross domestic product over the next 10 years that will be necessary for poverty eradication and the promotion of human development. The achievement of democratic decentralization is another important national policy goal. The CCF-1 strategy is to further the government/UNDP policy thrust for growth with equity through an emphasis on technology upgrading, poverty eradication, rapid expansion of employment opportunities, provision of basic social services, consolidation of economic reforms and environmental preservation by harnessing UNDP comparative advantages, which include access to global experience and advanced technology/ knowledge, capacity and human resources development, and institutional networks built up over the past four country programmes. A small number of holistic and focused programmes within the framework of national programmes will replace the large number of ongoing small projects. Broadening of national execution, beneficiary orientation, stakeholder participation, and streamlining of the monitoring, review and evaluation systems will be important elements of the strategy, which will be reviewed and refined in the light of the Ninth Plan. The United Nations system in India has directed its efforts towards a common framework for follow-up to the International Conference on Population and Development, the Fourth World Conference on Women and the World Summit on Social Development, and towards synchronization of Joint Consultative Group on Policy programmes with the time-frame of the Ninth Plan, as well as towards a common country assessment to support national goals more effectively. United Nations system expertise will be tapped by the technical and advisory services of United Nations agencies.

B. Proposed thematic areas

14. Consistent with the above strategy and thematic framework for UNDP cooperation in India, the ten following interrelated and mutually reinforcing programmes will be developed to focus on specific development concerns to address overall CCF-1 objectives: Small Industry Development Programme; Food and Nutrition Security Programme; Primary Education Support Programme; Health Support Programme; Economic Reforms Support Programme; Capacity-Building Programme; Community-Based Pro-Poor Initiatives; Technology Programme; Energy and the Environment Programme; and Umbrella Facility for Innovative Initiatives in Capacity-Building. Cross-cutting issues such as employment, environment, technology management, population, HIV/AIDS, development information and gender issues will be incorporated in all programmes. Linkages will be strengthened with the first regional cooperation framework for Asia and the Pacific and interregional and global programmes.

1. Employment and sustainable livelihoods

15. Small Industry Development Programme. The small, micro and village industry sector has a significant share in employment and its growth is a high priority. In 1993-1994, the small-scale sector alone employed 139 million people, contributing 40 per cent to gross turnover in the manufacturing sector and 34 per cent towards total exports. The ongoing national programmes include the Khadi and Village Industries Programme, the Special Employment Programme, the Handloom Industry Programme, the Entrepreneurship Development Programme and the Export Promotion and Marketing Programme. In CCF-1 ongoing support to national small, micro and village industry programmes will be enhanced and a more holistic approach will be adopted, including support to traditional employment-intensive industries such as jute, leather, essential oils, hand-made paper, spices, handicrafts, handloom, silk, wool, coir, indigenous medicines, herbal products and processed foods. Cross-sectoral support will include revamping of the institutional infrastructure for small-scale industry development; support to industry clusters; entrepreneurship development, particularly for women and artisan groups; innovative financial schemes and micro-credit combined with technical support services; technology, production and market information systems; and subcontracting arrangements. Support will be given to the informal sector to enhance capabilities, assets and activities for livelihood creation and to ensure the sustainability of community-wide livelihood-generating activities.

16. Food Security Programme. The growth and diversification of agriculture, which employs two thirds of the country's labour force and contributes roughly 30 per cent to the gross domestic product, is the Government's main strategy for rural employment creation, poverty reduction and food security. This includes the integrated development of rainfed/dry land areas; value-addition to horticulture; and common property resources management. CCF-1 support for food security will include the dissemination of appropriate technology for increasing agricultural production; integrated pest, nutrient management and dryland farming practices; improved post-harvesting techniques; agro-climatic regional planning; innovative models of people's participation in water resource

management; information dissemination through demonstrations; and promotion of off-farm income and jobs.

2. Access to basic services

17. Primary Education Programme. An important goal of the National Programme of Action (1992) is primary education for all by 2000 with emphasis on the girl-child and out-of-school disadvantaged groups. To improve the quality of rural primary education, the United Nations specialized agencies in India (UNDP, United Nations Educational, Scientific and Cultural Organization, United Nations Population Fund, United Nations Children's Fund and International Labour Organization) will complement the World Bank-assisted District Primary Education Programme by, inter alia, enhancing the capacity for community participation in effective school management; improving performance of primary school teachers through the use of interactive child-centred and gender-sensitive methods of teaching in multi-guide classrooms, and improving the social conditions that affect the attendance and performance of school age children (mainly girls) in selected districts through integrated social sector development programmes.

18. Health Support Programme. The National Health Policy (1983) focuses on major investments in primary health care infrastructure aimed at improved quality and outreach of services, consolidation and expansion of the secondary health care infrastructure, and optimization of tertiary care. Comprehensive reform of the health policy is under government consideration. Building upon initiatives from the fourth country programme, CCF-1 will support health sector reform aimed at improving the health policy environment; capacity-strengthening for the planning and design of public sector health programmes; development of community-based health financing schemes; institutional reforms in health insurance; development of regulatory mechanisms to improve the quality of public and private sector health care; and special schemes for the disabled. Linkages with NGO and United Nations system initiatives, including UNAIDS, will be established.

3. Management of development

19. Economic Reforms Programme. The economic reform policy envisages a change in the role of the Government from a provider of commercial services to one of sustaining an enabling environment for growth and human development. CCF-1 will support national reform programmes for expansion/privatization of infrastructure and services, strengthen institutional capacity in legal and regulatory regimes, and sensitize key national personnel about international best practices.

20. Capacity-Building Programme. Given the rapid changes in technology and the accelerated pace of economic and social change, there is an urgent need to strengthen further the administrative reform process through continued capacity-building, human resource development and skill enhancement of the public service for cost-effective administration and responsive service delivery. To realize fully the people-empowering mandate of the 73rd and 74th Constitutional Amendments, capacity-building of Panchayati Raj institutions is imperative. Building on fourth country programme initiatives in civil service training,

administrative reforms, direct tax reforms and law enforcement, a CCF-1 programme will support capacity-building in public services and Panchayati Rai institutions.

21. Community-based Pro-Poor Initiatives Programme. The development of innovative models at the community level covering technology outreach, social mobilization, provision of basic services, self-help schemes, micro-credit facilities and other areas will benefit from exposure to best practices in other developing countries through UNDP support. Area-based community development projects will provide platforms for convergence of CCF-1 programme elements and help to maximize their impact. An important role is envisaged for NGOs in community-level activities.

22. Technology Programme. In the Government's forward-looking policy document "Technology Vision - 2020", the establishment of a strong, indigenous base in science and technology is an important policy thrust in the pursuit of self-sustaining growth and improvement in the quality of people's lives. Agro-food processing, bio-technology, health care, strategic industries and material processing, and the application of research and development to maximize economic, environmental and societal benefits have been identified as promising areas. Components under CCF-1 will include strengthening the interface between research and development institutions and private industry; the application of science and technology to rural transformation; strengthening of indigenous technology; facilitating the use of development information technology; strengthening the technology base of NGO-led resource centres; and strengthening technology management capabilities. The technology programme will support the technology components of other CCF-1 programmes. Harnessing previously created infrastructure and capacities, it will also strengthen technology management capabilities of other technology-based national programmes.

4. Sustainable development

23. Capacity-building in environmental management was enhanced under the fourth country programme through the Global Environment Facility (GEF), Montreal Protocol and Capacity 21 programmes and will be further consolidated with a CCF-1 programme for the sustainable protection, regeneration and management of the environment and energy resources. This programme will also provide the anchor for coordinated actions on sustainable development, an important theme of all the programmes.

24. Energy and Environment Programme. Drawing upon the UNDP global initiative on sustainable energy and building on past and ongoing achievements, capacity-building support will be provided to national programmes for the promotion and commercialization of renewable energy technologies (biomass, solar, mini-hydel), energy conservation and efficiency, training and orientation, entrepreneurship development, information dissemination, research and development, and strengthening of energy policy and regulatory frameworks. Programme convergence will be encouraged through pilot initiatives for community-level energy systems, including the integration of micro-credit schemes to disseminate renewable energy practices in rural areas. In the environment sector, opportunities exist for Government/UNDP collaboration for capacity-building in development

ministries through the improvement of economic instruments, environmental valuation and accounting, environmental assessment, environmental management, pollution monitoring, environmental and legal education, biodiversity conservation/management, community awareness and development-information networking. Technical cooperation projects funded by GEF and the Montreal Protocol (in which UNDP has a major role) are integrated with other environment-sector activities and will continue to support India's commitments under international environmental conventions.

IV. MANAGEMENT ARRANGEMENTS

A. Execution and implementation arrangements

25. National execution and the programme approach will continue to be the guiding principles of CCF-1 programme management. The strong technical capacity for national execution will be further consolidated through the delineation of a suitable management structure for each CCF-1 programme, keeping in view criteria such as national ownership, increased stakeholder involvement, enhanced accountability, flexibility, cost-effectiveness, administrative efficiency and sustainability and drawing upon experiences and lessons from management and execution during the fourth country programme (leather and jute) as well as models used in other externally funded initiatives. To backstop this process and to provide capacity-building support for strengthening national execution, UNDP cooperation is envisaged through the utilization of the balance add-on funds. To enhance the quality of implementation, services of United Nations specialized agencies, mechanisms such as technical cooperation among developing countries, Transfer of Knowledge through Expatriate Nationals, United Nations International Short-term Advisory Services and the United Nations Volunteers, and voluntary organizations will be drawn upon as required.

B. Monitoring, review and evaluation

26. To ensure that programme objectives and activities remain relevant to national development priorities, a monitoring, review and evaluation system for each CCF-1 programme will focus on defining quantifiable goals in the context of national programmes, development of quantitative and qualitative indicators and benchmarks, and setting up baseline surveys. Stakeholder participation will be an important element of the monitoring, review and evaluation system. Preparatory activities have already been initiated by UNDP and appropriate mechanisms will be worked out with national project coordinators to institutionalize the process. To strengthen programme coordination and oversight, a CCF-1 programme review and support system will be set up, comprised of Government/UNDP annual reviews, and a mid-term programme and policy review to which stakeholders and other development partners will be invited. A standing committee of national programme managers will be constituted to promote greater linkages and networking among the programmes.

C. Resource mobilization

27. The Government, which has the sole responsibility for aid coordination, will make efforts to draw upon synergies between UNDP and other externally assisted programmes in the context of national programmes. This will be done wherever such cooperation leads to value addition, cost-effectiveness and administrative efficiency, and particularly where it results in a net additionality to the country in terms of resource transfer. The programme approach will be the main instrument for programme complementation, resource mobilization and facilitation of multi-partner cooperation. A resource mobilization target of $20 million from Government and third-party cost-sharing over the CCF-1 period is envisaged (see annex). Priority will be given to accessing much greater resources from GEF and the Montreal Protocol in support of priority global environmental protection activities.

Annex

Resource mobilization target table for India, 1997-2001

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
IPF carry-over	37 464	
TRAC 1.1.1	72 881	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	6 455	
Subtotal	116 800[a]	
NON-CORE FUNDS		
Government cost-sharing	5 000	Cost-sharing in 1997 and beyond under ongoing projects is $4.6 million.
Sustainable development funds	62 106	
of which:		
GEF	54 000	
Montreal Protocol	7 000	
Capacity 21	506	
SGP	600	
Third-party cost-sharing	15 000	Cost-sharing in 1997 and beyond under ongoing projects is $0.017.
Subtotal	82 106	
TOTAL	198 906[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: GEF = Global Environment Facility; IPF = indicative planning figure; SGP = Small Grants Programme; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core.